



National Audit Office

DEPARTMENTAL OVERVIEW

A summary of the NAO's work on the Home Office 2011-12

NOVEMBER 2012

Our vision is to help the nation spend wisely.

We apply the unique perspective of public audit to help Parliament and government drive lasting improvement in public services.

The National Audit Office scrutinises public spending for Parliament and is independent of government. The Comptroller and Auditor General (C&AG), Amyas Morse, is an Officer of the House of Commons and leads the NAO, which employs some 860 staff. The C&AG certifies the accounts of all government departments and many other public sector bodies. He has statutory authority to examine and report to Parliament on whether departments and the bodies they fund have used their resources efficiently, effectively, and with economy. Our studies evaluate the value for money of public spending, nationally and locally. Our recommendations and reports on good practice help government improve public services, and our work led to audited savings of more than £1 billion in 2011.



National Audit Office

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Introduction

Aim and scope of this briefing

The primary purpose of this report is to provide the Home Affairs Select Committee with a summary of the Home Office's recent performance, based primarily on the Department's accounts and National Audit Office work. The content of the report has been shared with the Department to ensure that the evidence presented is factually accurate.

Part One

About the Department

The Department's responsibilities

1 The Home Office oversees government policy and delivery on the following:

- countering terrorism in the UK;
- policing and crime reduction;
- borders and immigration;
- identity and passports; and
- equalities.

How the Department is organised

2 The Home Office is headed by the Home Secretary, who sets the agenda and goals for the Department and is supported by the Home Office Supervisory Board and the Executive Management Board chaired by the Permanent Secretary:

- **The Supervisory Board** consists of the five Home Office ministers, five members of the executive management including the Permanent Secretary, and four non-executive directors appointed by the Home Secretary. It sets strategic objectives and monitors the Department's performance against its business plan.
- **The Executive Management Board** is headed by the Permanent Secretary. The other board members are: all the directors general from across the Home Office; the director of communications; the chief executive of the UK Border Agency; the Home Office's legal adviser; and two independent non-executive board members from the private sector. The board provides corporate strategic leadership and also oversees the day-to-day running of the Department.

3 The central Home Office is organised into five directorates covering the following:

- safeguarding, immigration and international;
- human resources;
- financial and corporate services;
- the office of security and counter-terrorism; and
- the crime and policing group.¹

4 To deliver its responsibilities, the Home Office works with partners including the police, intelligence agencies, local authorities, voluntary bodies, other departments and other countries' governments. It has four agencies:

- Criminal Records Bureau
- UK Border Agency
- Identity and Passport Service
- National Fraud Authority.

5 Other arm's-length bodies include the Serious Organised Crime Agency, which is to be merged into the National Crime Agency in 2013. The National Policing Improvement Agency is being abolished during 2012 and its core functions transferred to other bodies including the new National Crime Agency. A list of bodies currently sponsored by the Home Office is at Appendix One.

6 At 31 March 2012, the Home Office and its agencies employed 28,669 full-time equivalent staff.² Its arm's-length bodies employed a further 6,723 staff,³ bringing the overall total for the Department to 35,392, compared to 39,053⁴ last year. This figure does not include police and civilian staff working for individual police forces or the British Transport Police.

Where the Department spends its money

7 In 2011-12, the Home Office spent £11.9 billion. The UK Border Agency is the largest Home Office agency, receiving £2.3 billion. **Figure 1** overleaf shows the gross expenditure by the Home Office and its main spending bodies.

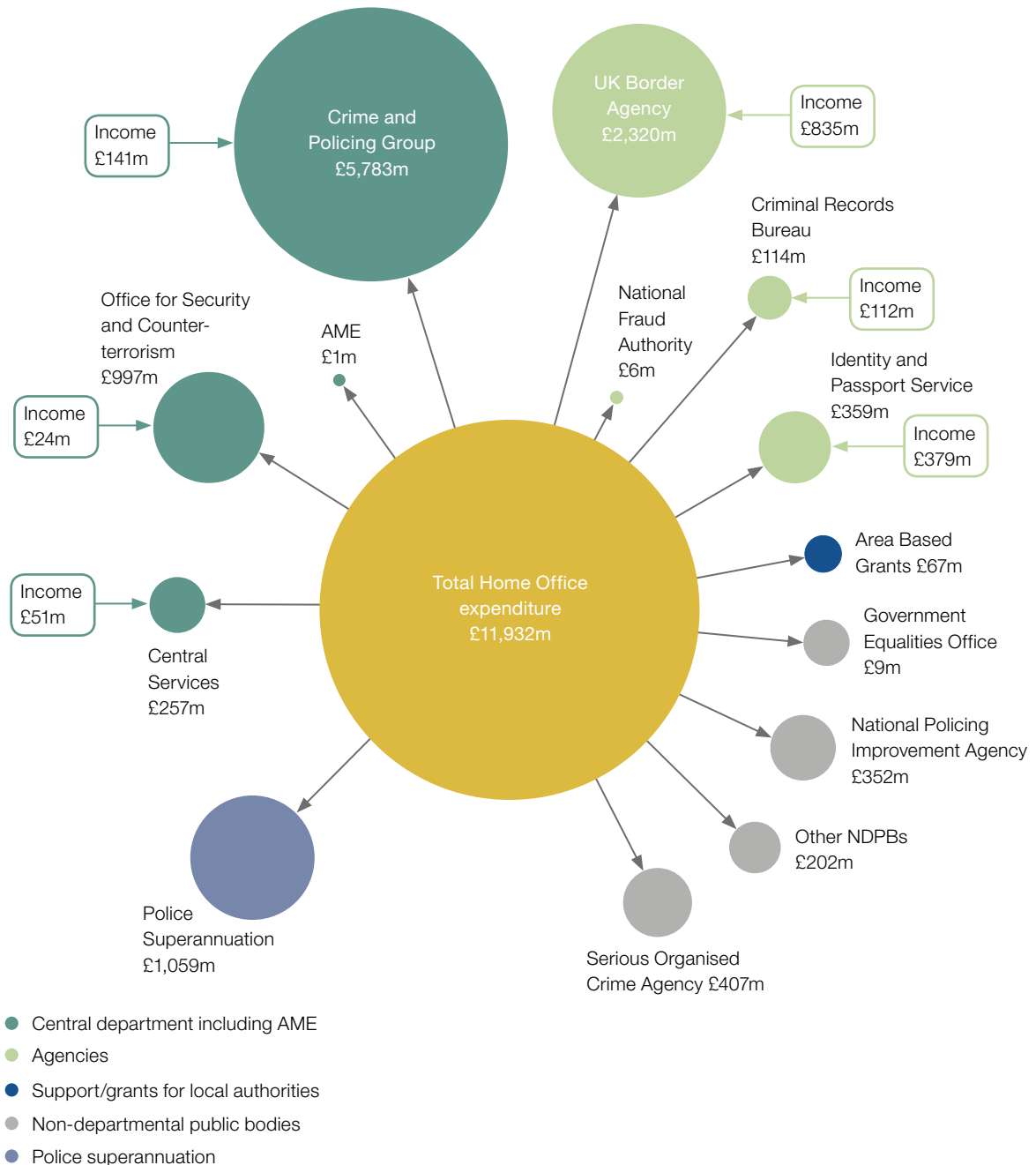
¹ Available at: www.data.gov.uk

² Home Office, *Annual Report and Accounts 2011-12*, HC 45, July 2012, page 129.

³ Home Office, *Annual Report and Accounts 2011-12*, HC 45, July 2012, page 129.

⁴ This is the restated figure for 2010-11. The restated figure takes into account staff that transferred to the Home Office as a result of structural changes, such as staff in the Government Equalities Office, Equality and Human Rights Commission and the National Fraud Authority.

Figure 1
Where the Home Office spent its money in 2011-12



NOTES

- 1 UK Border Agency, Criminal Records Bureau and Identity and Passport Service income primarily comes from fees.
- 2 Individual figures have been rounded to the nearest £m and therefore may not sum exactly to the total.
- 3 As of 1 March 2012, the Border Force was no longer a constituent part of the UK Border Agency and became part of the core Home Office. The Department's 2011-12 accounts were prepared showing Border Force as a constituent part of the core department, with the 2010-11 comparator figures restated on the same basis (page 75).

Source: National Audit Office analysis of Home Office Annual Report and Accounts 2011-12

8 At 31 March 2012, the Home Office group was responsible for delivering major projects with a whole-life cost totalling £7.1 billion.⁵ The three largest projects, all delivered by the UK Border Agency are: the compass contract (ongoing provision of asylum accommodation and related services at a cost of £883 million); e-borders (implementation of an integrated ICT system to deliver greater border security at a cost of £801 million); and Cyclamen (a project to deter the importing of illicit freight while minimising disruption to legitimate freight and passengers at a cost of £747 million).

Recent developments and current challenges

9 Since 2010, the Home Office has experienced a number of structural and operational changes, many of which are still ongoing, such as the following:

- Some functions of the National Policing Improvement Agency, such as the **Crime Analysis Unit**, were transferred to the National Crime Agency in April 2012. Further changes will be confirmed later in 2012 as the Agency closes.
- The transfer to the Home Office of the National Fraud Authority (NFA), which was previously an executive agency of the Attorney General's Office.
- The Government Equalities Office (GEO) transferred from being a small policy department to the Home Office.
- Responsibility for issuing British passports overseas transferred from the Foreign and Commonwealth Office to the Home Office.

10 The Border Agency has also faced significant changes following the Home Secretary's statement to Parliament in February 2012 on border security and the report⁶ by the independent Chief Inspector of the UK Border Agency, John Vine, on the operation of border checks. This report revealed that since at

least 2007 security checks at the border had been suspended regularly and applied inconsistently. It also found that secure ID checks had been suspended 482 times between June 2010 and November 2011, including 463 times at Heathrow. As a result, from 1 March 2012, border force operations at the border moved from the Border Agency to an operational command in the Home Office under a director general. Ensuring that the transition arrangements to establish two separate organisations are completed efficiently and that the new Border Force is effective in implementing its border control plan are ongoing areas of interest for the NAO. There has also been considerable media attention during 2012 on reported queues and delays for passengers entering the UK which the Border Force is now taking steps to manage.

11 During summer 2012, London hosted a safe and secure Olympic and Paralympic Games. The Home Office was responsible for security at the Olympic venues but just two weeks before the games opened, the security contractor, G4S, said they could not provide the number of security personnel required. At short notice military personnel had to be drafted in to cover venue security. Our Olympic Games progress reports in February 2011⁷ and December 2011⁸ looked in part at venue security. We concluded that recruitment and funding of venue security remained a serious challenge to cost-effective security for the Games; and reported on an increase in the peak requirement of guards.

12 In July 2012, Tom Winsor was formally appointed Her Majesty's Chief Inspector of Constabulary for England and Wales following a pre-appointment hearing by the Home Affairs Select Committee (the Committee) in June 2012. He is expected to take up the role towards the end of 2012. This appointment followed the retirement of Sir Denis O'Connor.

⁵ Home Office, *Annual Report and Accounts 2011-12*, HC 45, July 2012, pages 25–26.

⁶ Independent Chief Inspector of the UK Border Agency, *An investigation into border security checks*, February 2012

⁷ Comptroller and Auditor General, *Preparations for the London 2012 Olympic and Paralympic Games: Progress report February 2011*, Session 2010-11, HC 756, National Audit Office, February 2011.

⁸ Comptroller and Auditor General, *Preparations for the London 2012 Olympic and Paralympic Games: Progress report*, Session 2010–2012, HC 1596, National Audit Office, December 2011.

13 The Home Office has sponsored two Acts of Parliament during 2011-12. They are:

- The **Police Reform and Social Responsibility Act 2011** which came into force on 25 April 2012. The intention of this act is to make the police more accountable to local people, by replacing existing police authorities with the election of local police and crime commissioners from November 2012.
- The **Protection of Freedoms Act 2012** gained royal assent on 1 May 2012. This aims to protect civil liberties by, for example, greater regulation of the use of CCTV and automatic number plate recognition. This act also aims to place safeguards on the retention of DNA and fingerprint records, and reform the criminal records regime. Some of these changes will begin in September 2012. This act also led to the creation of a new non-departmental public body – the Disclosure and Barring Service. This will be launched on 1 December 2012, merging the services of the Criminal Records Bureau and the Independent Safeguarding Authority. It will be responsible for carrying out security checks on volunteers and others in the charity sector.

14 The Department published its **Draft Communications Data Bill 2012** on 14 June 2012 setting out the government's proposals to update the framework for ensuring the availability of communications data and the regulatory regime governing how public authorities obtain this data.

15 The **Anti-Social Behaviour (ASB) White Paper: Putting victims' first: more effective responses to anti-social behaviour**⁹ was laid before Parliament in May 2012. This seeks to reduce the 19 existing powers of the police and other agencies, such as local authorities and social landlords, to six new powers that are viewed by the Department as less complex and more flexible. The White Paper aims to do the following:

- Encourage local agencies to focus their response to anti-social behaviour on the needs of victims.

- Support people and communities in establishing what is and is not acceptable locally and in holding agencies to account.
- Ensure professionals have the powers they need to deal with cases of persistent anti-social behaviour.
- Look for long-term solutions to anti-social behaviour by addressing the causes.

16 The Department's new **alcohol strategy** also came into force in April 2012. This includes plans to overhaul the Licensing Act 2003 to give local authorities and the police much stronger powers to remove licences from, or refuse to grant licences to, premises that are causing problems.

Capability and leadership

17 In 2006, the Cabinet Office launched capability reviews to assess departments' leadership, strategy and delivery – to get departments ready for future challenges and enable them to act on long-term key development areas. Departments are required to conduct and publish self-assessments and action plans against standard criteria set out in the Cabinet Office model of capability, which was updated in July 2009.¹⁰ Departments must rate their capability against ten criteria under three themes:

- **Leadership criteria:** 'set direction', 'ignite passion, pace and drive', and 'develop people'.
- **Strategy criteria:** 'set strategy and focus on outcomes', 'base choices on evidence and customer insight', and 'collaborate and build common purpose'.
- **Delivery criteria:** 'innovate and improve delivery', 'plan, resource and prioritise', 'develop clear roles, responsibilities and delivery models', and 'manage performance and value for money'.

9 Available at: www.official-documents.gov.uk/document/cm83/8367/8367.asp

10 Available at: www.civilservice.gov.uk/about/improving/capability/model





18 Following its self-assessment against these criteria, the Home Office published its **capability action plan** in February 2012.¹¹ **Figure 2** shows the results of this assessment using a red, amber, and green (RAG) rating. This review represents the third capability review for the Home Office since 2006, and sets out what the Department considers to be its three key challenges, which are:

- Having to achieve 'better for less'.
- Adapting to a new role as more decisions are devolved and putting in place the necessary new structures to support this.
- Ensuring that the Department has the capability to deliver the government's national priorities over the next three to five years.

19 The Home Office considers itself to have made progress since its last capability review in 2008 – in embedding talent management, and enhancing development opportunities for its staff.¹² It also used the capability review to draw attention to its perceived successes around delivering ministerial priorities, such as identifying and delivering substantial spending review findings and reacting quickly to the summer 2011 riots.

20 However there is still some way to go with managing difficult changes, hence the lower score for 'igniting passion, pace and drive'. This relates in particular to the restructuring and changes to pay and pensions and the need to engage more effectively with staff.

Figure 2
The Home Office's assessment scores of capability

Leadership	Assessment
Set direction	
Ignite passion, pace and drive	
Develop people	
Strategy	
Set strategy and focus on outcomes	
Base choices on evidence and customer insight	
Collaborate and build common purpose	
Delivery	
Innovate and improve delivery	
Plan, resource and prioritise	
Develop clear roles, responsibilities and delivery models	
Manage performance and value for money	

Source: Home Office Capability Action Plan, February 2012

11 Home Office, *Capability Action Plan*, 13 February 2012. Available at: www.homeoffice.gov.uk/publications/about-us/corporate-publications/capability-action-plan

12 Home Office, *Capability Action Plan*, 13 February 2012, page 7.

21 In July 2011, the Department launched its **Home Office we want to be** reform programme, which covers key parts of the Department's action plan and sets out how it plans to develop its capabilities. This reform programme focuses on raising the performance of all staff, becoming more flexible in the way staff work, and working better in partnership with the Department's stakeholders and others across government.

22 The Department's assessment of its own capability, examined by independent reviewers, draws attention to improving performance management and building common purpose. The latter was an area that had a low score in the assessment of capability shown in Figure 2. The independent reviewers were positive about the Department's capability assessment process and suggested that successful execution of the action plan should enable the Home Office to be an 'extremely effective organisation.'¹³

23 The **Civil Service People Survey** aims to provide consistent and robust metrics to help government understand the key drivers of engagement, so that it can build upon strengths and tackle weaknesses across the civil service. The survey of civil servants across all participating organisations includes a range of questions across nine themes which measure their experiences at work. **Figure 3** summarises some of the key findings of the latest survey for the Home Office, undertaken between mid-September 2011 and mid-October 2011. While responses were generally more positive than in 2010, the Home Office results are some way below the average across all organisations taking part in the survey. This is most noticeable overall on questions relating to leadership and managing change, and learning and development, where the Home Office was 17 and 15 percentage points respectively below the average across the two themes.¹⁴

24 As part of the annual survey, each department receives an engagement index, assessing the level of staff engagement determined by: the extent to which staff speak positively of the organisation, are emotionally attached and committed to it, and are motivated to do the best for the organisation. In 2011, the Home Office, excluding its agencies, achieved an engagement index of 49 per cent, which was two percentage points higher than 2010, but seven percentage points lower than the 2011 civil service average (56 per cent). Results across government departments for selected criteria can be found in Appendix Two.

¹³ Home Office, *Capability Action Plan*, 13 February 2012, page 3.

¹⁴ Home Office (Corporate Report), *Civil Service People Survey 2011*, Driver of Engagement Table, which shows how the Home Office performed on each of these themes.

Figure 3

2011 Civil Service People Survey: Home Office (excluding agencies)

Theme	Theme score (% positive)	Difference from 2010 survey	Difference from civil service average 2011 ²
Leadership and managing change			
I feel that the Department as a whole is managed well	29	+4	-11
Senior civil servants in the Department are sufficiently visible	40	+5	-6
I believe the actions of senior civil servants are consistent with the Department's values	32	+3	-7
I believe that the departmental board has a clear vision for the future of the Department	29	+5	-10
Overall, I have confidence in the decisions made by the Department's senior civil servants	26	+4	-10
I feel that change is managed well in the Department	21	+1	-6
When changes are made in the Department they are usually for the better	18	+3	-5
The Department keeps me informed about matters that affect me	46	+5	-9
I have the opportunity to contribute my views before decisions are made that affect me	27	+5	-9
I think it is safe to challenge the way things are done in the Department	31	+4	-7
Organisational objectives and purpose			
I have a clear understanding of the Department's purpose	78	+4	-6
I have a clear understanding of the Department's objectives	73	+4	-6
I understand how my work contributes to the Department's objectives	76	+3	-5
Learning and development			
I am able to access the right learning and development opportunities when I need to	49	0	-5
Learning and development activities I have completed in the past 12 months have helped to improve my performance	38	-1	-7
There are opportunities for me to develop my career in the Home Office	23	+1	-3
Learning and development activities I have completed while working for the Home Office are helping me to develop my career	32	+2	-8

NOTES

1 Percentage positive measures the proportion of respondents who selected either 'agree' or 'strongly agree' for a question.

2 The 2011 benchmark is the median per cent positive across all organisations that participated in the 2011 Civil Service People Survey.

Source: Home Office (Corporate Report), Civil Service People Survey 2011. Available at: www.civilservice.gov.uk/

Part Two

Financial management

25 The ability of departments to control costs and drive out waste requires professional financial management and reporting. In particular, departments need to be better at linking costs to services and benchmarking performance to determine whether costs are justified and value for money can be improved. Organisations also need to move their risk management arrangements from a process-led approach to one which supports the efficient and effective delivery of services. Improvements in these areas of management will help public bodies to deliver cost-effective services as they make difficult financial decisions over the coming years.

26 Departments are required to publish governance statements with their annual reports and accounts, which describe their arrangements for corporate governance, risk management, and oversight of locally delivered responsibilities. Governance statements replace statements on internal control which were published in previous years. They are designed to include additional discussion of how governance in the Department works, in line with the Corporate Governance Code.¹⁵

Financial outturn for 2011-12 and comparison with budget

27 The Home Office estimated that it would need £10.8 billion of resources in addition to projected income in 2011-12. The Home Office's actual outturn (spending net of income received) for the year was £10.4 billion, 4 per cent below its estimate¹⁶ and 5 per cent lower than its outturn in 2010-11.

28 Among all of its sponsored bodies, the largest variance between net estimated spend and net outturn was a £125 million underspend by the UK Border Agency (the Agency). This was largely driven by a reduction in the number of supported asylum seekers as a result of both falling numbers of asylum applications and the Border Agency clearing

a historical backlog of asylum claims (£23 million); and lower depreciation costs (£37 million).¹⁷ Other variances reported in the annual report included:

- an underspend of £58 million within the Central Home Office (CHO) due largely to unused central contingency for exit costs; and
- an underspend of £20 million by individual groups within the CHO due, in the main, to all groups having higher than anticipated numbers of vacant posts.

Progress on cost reduction

29 Departments remain under pressure to reduce costs. The scale of cost reduction required means that departments need to look beyond immediate short-term savings, and think more radically about how to take cost out of the business and how to sustain this in the longer term.

30 Under the terms of the 2010 Spending Review, the Department is part-way through a period of significant cost reduction. Overall, its resource spending is planned to fall in real terms by 23 per cent over the period from 2011-12 to 2014-15. To achieve this, the Department aims to reduce grants to the police in real terms by 20 per cent, and other spending by 30 per cent. Capital spending is due to fall in real terms by 49 per cent.

31 In February 2012, we examined the cost reductions achieved by 12 departments in our report *Cost Reduction in Central Government: A Summary of Progress*.¹⁸ We found that departments successfully cut spending by £7.9 billion (2.3 per cent) in 2010-11 compared to 2009-10, but further cuts are needed in most departments over the next four years. The Home Office reduced its spending by 7 per cent compared with 2009-10, comparing favourably with the average reduction of 2.3 per cent across all 12 departments. Fundamental changes are needed if government is to reduce costs on the scale required and departments will achieve long-term value for money only if they identify and implement new ways of delivering their objectives, with a permanently lower cost base.

¹⁵ Available at: www.hm-treasury.gov.uk/psr_governance_corporate.htm

¹⁶ Home Office, *Annual Report and Accounts 2011-12*, HC 45, July 2012.

¹⁷ Home Office, *Annual Report and Accounts 2011-12*, HC 45, July 2012, page 74.

¹⁸ Comptroller and Auditor General, *Cost reduction in central government: summary of progress*, Session 2010-2012, HC 1788, National Audit Office, February 2012.

32 A report on financial management in the Home Office¹⁹ published in April 2012 highlighted that around two-thirds of police forces had shortfalls in their cost reduction plans in 2011. Forces are required to make around £1.5 billion of savings through efficiency improvements and, in 2011, identified cost reduction shortfalls across two-thirds of police forces that totalled approximately £500 million. Our report found that the devolved accountability arrangements, with increasing local autonomy for police forces, make it particularly difficult for the Department to predict whether police forces will be able to make the required cost reductions. We recommended that the Department “produce an accountability system statement for Parliament, describing how it will oversee policing in the context of increasing local autonomy”.

33 In July 2012, we published a report on the Border Agency and the Border Force's progress in cutting costs and improving performance.²⁰ The examination was conducted against the backdrop of the 2010 Spending Review requirement that the Border Agency should reduce its budget by at least 15 per cent between 2011 and 2015. Between 1 April 2009 and 31 March 2012, the Border Agency itself (including the Border Force) reported savings of £675 million. However, we found that the method used to calculate these savings was not always in line with Cabinet Office guidance and that the Border Agency's calculations did not include some costs of investment projects or some external factors affecting Border Agency costs. According to the audited accounts, Border Agency (and Border Force) spending rose slightly from 2009 to 2011, and reduced by nearly £300 million in 2011-12. Over the period as a whole, spending has reduced by £269 million between 2008-09 and 2011-12.

NAO reports on financial management

34 In April 2012, we reported on financial management in the Home Office²¹ and found that improvements had been made over the three years since our last report on this subject.²² Our latest examination found that the Department was delivering value for money in terms of exercising control over its core business activities. In particular, the Department was starting to benefit from the new governance structures which have been in place since January 2011.

35 The report highlighted the need for better integration of business and financial planning at the Home Office. While some parts of the Department aligned financial and operational planning, most parts still undertook budgeting separately from operational planning. This meant that links between resources and objectives, and therefore performance, continued to be underdeveloped. This in turn restricted the Department's understanding of the relationship between funding and outcomes, and therefore reduced the ability to make well-informed strategic decisions about resources.

36 With regard to the forecasting of savings, the report concluded that the Department had clear plans to reduce costs in core activity, but should do more to increase confidence that savings are being made in the right areas. Around half of the savings which the Department had projected were uncertain, and business areas had not fully considered efficiency and effectiveness when evaluating where cuts should be made.

37 The report also identified risks to the successful delivery of the Department's change programmes. In particular, the programmes to develop the Disclosure and Barring Service (DBS) and to abolish the National Policing Improvement Agency (NPIA) had lacked continuity in management, with insufficient access to finance skills. Here, the Department needed to control costs, especially transition costs, more strongly and explicitly.

NAO financial audit findings

38 In 2011-12, the Comptroller and Auditor General (C&AG) gave an unqualified opinion on the Home Office Annual Report and Accounts for the third year running. The Home Office has met HM Treasury's pre-recess timetable since 2007-8 and none of its bodies were qualified in 2011-12.

¹⁹ Comptroller and Auditor General, *Financial management in the Home Office*, Session 2010–2012, HC 1832, National Audit Office, April 2012.

²⁰ Comptroller and Auditor General, *The UK Border Agency and Border Force: Progress in cutting costs and improving performance*, Session 2012-13, HC 467, National Audit Office, July 2012.

²¹ Comptroller and Auditor General, *Financial management in the Home Office*, Session 2010–2012, HC 1832, National Audit Office, April 2012.

²² Comptroller and Auditor General, *Financial management in the Home Office*, Session 2008-09, HC 299, National Audit Office, May 2009.

39 The 2009-10 annual accounts of the Equality and Human Rights Commission (the Commission) were qualified in June 2011. Since the Home Office took responsibility for the Commission in April 2011, the Comptroller and Auditor General has issued an unqualified audit opinion on the Commission's 2010-11 accounts (November 2011) and 2011-12 accounts (July 2012). The Commission has shown improvements in its overall control environment, in particular with regard to procurement and grant payments.

Issues raised in the Governance Statements

40 We work with the Department and its sponsored bodies to improve the quality and transparency of published governance statements. We aim to ensure that the processes by which statements are produced are robust and that the statements comply with HM Treasury guidance.

41 In its July 2012 statement of corporate governance,²³ the Home Office discussed a number of significant in-year risks and issues and described how it was dealing with them:

- As discussed previously in paragraph 10, in November 2011, it came to light that the management and operation of some border control checks was not consistent with policy and ministerial intent. Since then, the Border Force has become a separate operational command within the Home Office and a border control improvement plan is being implemented.
- In September 2011, the Department's internal audit unit identified weaknesses in the management and storage of seized high-risk materials. An action plan was agreed to address these concerns and a follow-up audit in February 2012 has shown that some improvement has been made. The plan is still being pursued.
- The riots in August 2011 resulted in significant financial liabilities arising under the Riot Damages Act, which the Home Office has had to account for.
- Referring to our Financial Management report,²⁴ the Department highlighted the lack of continuity in its management of change programmes as a significant risk. Insufficient access to finance skills had resulted in organisational structures not being established early enough and led to delays in the production of full business cases. The Department has stated it is taking steps to mitigate this risk, including establishing a flexible finance resource to address any emerging issues.

²³ Home Office, *Annual Report and Accounts 2011-12*, HC 45, July 2012, page 92.

²⁴ Comptroller and Auditor General, *Financial management in the Home Office*, Session 2010-2012, HC 1832, National Audit Office, April 2012.

Part Three

Reported performance

42 The government needs robust, timely information on its activities, costs, progress against its objectives, and the cost-effectiveness of its activities. It also needs to be able to interpret that information, by reference to trends, benchmarks and other comparisons, to identify problems and opportunities. Departments need reliable information to design and deliver services and monitor quality, be confident about their productivity, and continually improve.

43 The government aims to make more information available to the public. Our study reviewing early progress of the transparency agenda²⁵ concluded that while the government has made more public sector information available, nobody would benefit without a means to measure the success and value for money of the transparency initiatives.

44 In our transparency study we drew attention to the government's June 2010 commitment to publish crime data at street level which was intended to help the public hold the police to account. In January 2011, the Department launched its police crime map website. We reported two key concerns about the data. One, the presentation of the data was misleading with crimes attributed to the wrong locations. This was fixed in January 2012. Two, the inconsistency in police reporting of crime. Data on the crime map is provided by each police force, meaning that any inconsistency in recording crime would be replicated in the crime map. We found that the Department had taken steps to develop the crime map. However, it was not evaluating peoples' responses to it, such as differences in experiences of crime or their reporting of it, depending on their awareness or use of crime maps.

Reporting performance: annual reports and business plans

45 Each government department reports its performance against the priorities and objectives set out in its business plan. A transparency section of the plan includes indicators selected by the Department to reflect its key priorities and demonstrate the cost and impact of the public services it is responsible for.

These indicators fall broadly into three categories: inputs, impact and other key data. Alongside other central government departments, the Department has published a business plan²⁶ setting out its aims in the form of structural reform priorities and key input and impact indicators by which the public will judge the Department's performance. The business plan indicators and other data cover all of the Department's structural reform priorities.

46 Departmental progress against indicators is published regularly in a quarterly data summary, a standardised tool that enables comparison across departments. As well as the three different types of indicators mentioned above, the quarterly data summary includes information on overall departmental budgets and workforce statistics, and wider indicators on common areas of spend such as estates, procurement and ICT. An annual version of this information has been formally laid in Parliament in the departments' 2011-12 annual reports and accounts. The Cabinet Office has said that data accuracy for all departments needs to improve and that there may not be common definitions and data collection processes between departments.²⁷ This means that data on common areas of spend cannot currently be used to compare performance between departments and is of limited use to judge individual departmental performance.

Performance reported by the Department

47 The Department's structural reform plan contains seven priorities, which underpin its policy commitments from 2011 to 2015 to do the following:

- Empower the public to hold the police to account for their role in cutting crime.
- Free up the police to fight crime more effectively and efficiently.
- Create a more integrated criminal justice system.
- Secure our borders and reduce immigration.
- Protect people's freedoms and civil liberties.
- Protect our citizens from terrorism.
- Build a fairer and more equal society.

²⁵ Comptroller and Auditor General, *Implementing transparency*, Session 2010–12, HC 1833, National Audit Office, April 2012.

²⁶ Available at: www.homeoffice.gov.uk/publications/about-us/corporate-publications/business-plan/business-plan-2012-15/business-plan-doc

²⁷ Available at: www.cabinetoffice.gov.uk/resource-library/business-plan-quarterly-data-summary

48 The Department's structural reform plan sets out the actions that it has to meet in order to fulfil these priorities. During 2011-12, it completed 69 out of 120 actions identified for May 2011 to March 2012, with 36 actions still ongoing.²⁸ None of the overdue actions at the end of the year were attributable to external factors.

49 Examples of actions that were overdue at the end of March 2012 include:

- Reducing bureaucracy for front-line police officers by working with the Association of Chief Police Officers to consolidate police national guidance into a clear body of authorised professional practice. Core practice was agreed in January 2012. Other areas of specific practice will go live in early December 2012.
- Overhauling alcohol licensing to give more power to police and local authorities to meet the concerns of local communities. A consultation on exemptions to the late night levy did not close until mid-April 2012. Analysis of the responses to the consultation and the introduction of legislation need to follow.

Testing the reliability of performance data across government

50 We have begun a three-year programme to examine the data systems underpinning the departmental business plan indicators and other key management information. In July 2012, we published the results of our examination of a sample of Home Office indicators and operational data systems used to report performance for the Department.²⁹ This involved a detailed review of the processes and controls governing the selection, collection, processing and analysis of data; the match between the Department's stated objectives and the indicators it has chosen; and the reporting of results. Between November 2011 and January 2012 we examined nine of the Home Office's data systems, of which seven supported indicators in the October 2011 business plan quarterly data summary³⁰ and two supported operational data of interest to senior management. Our examination found no significant weaknesses. The main risk identified was data being recorded at multiple locations, and the need to ensure

consistency of data entry. We found that the Home Office has the necessary controls to ensure accuracy of data.

51 We awarded scores to the data systems for each indicator reviewed on a scale of 4 (data system fit for purpose and cost-effectively run) to 0 (no system established to measure performance). The majority of indicators were assessed as having data systems that were fit for purpose or adequate, but requiring some improvements. No indicators were assessed as having a score of 1 or 0.

52 Our validation work produced detailed recommendations for improvement to the presentation of the quarterly data summary and measurement annex. We recommended, for example, that changes could be made to the wording of some indicators, for clarity; and that further information could also be included in the measurement annex to aid user understanding.

53 Departments released updated versions of their business plans in May 2012 which included changes to their priorities and indicators. Priorities for the Home Office remained the same, with some rewording. 'Build a fairer and more equal society' became 'Equal treatment and equal opportunity'. The wording of three indicators also changed, for clarity.

54 The Cabinet Office has recognised the need to improve use of information across government. In the civil service reform plan³¹ it set out its intention for departments to provide 'good, comparable, accurate and reliable' management information. The Cabinet Office has given Lord Browne, as lead non-executive director across government, a remit to examine the information received by departmental boards. In addition, improving the quality of data is one of the key priorities within departmental Open Data Strategies, published in June 2012.³² Our work will consider these government initiatives on data quality, and we will continue to test the reliability of specific data systems.

Issues identified in NAO reports

55 During 2011-12, we published four value-for-money reports related directly to the Home Office and its agencies, as well as a number of cross-government reports that refer to the Home Office.

28 Home Office, *Annual Report and Accounts 2011-12*, HC 45, July 2012, pages 28–29.

29 National Audit Office, *Information assurance summary reports*, Home Office, July 2012.

30 Available at: www.homeoffice.gov.uk/publications/about-us/corporate-publications/business-plan/quarterly-data-summary/

31 Available at: resources.civilservice.gov.uk/wp-content/uploads/2012/06/Civil-Service-Reform-Plan-acc-final.pdf

32 Available at: www.cabinetoffice.gov.uk/content/open-data-white-paper-and-departmental-open-data-strategies

56 Our value-for-money reports have been varied, focusing on high-level departmental or agency-wide issues (such as financial management in the Home Office³³ and cost-cutting and improving performance in the UK Border Agency and Border Force³⁴) and programme specific reports (such as our reports on police mobile technology³⁵ and student immigration³⁶).

57 A number of themes have emerged across these reports, albeit to varying degrees. We found evidence, for example, of a **lack of integration between business and financial planning** in both our examinations of financial management across the Home Office and our cost-cutting and improving performance report on the Border Agency and Border Force.

58 Both reports acknowledge improvements with improved business planning. However, we reported that better integration was needed between the Border Agency's separate business units because its absence had affected both efficiency and performance. There was, a particular disconnect between caseworking and the Border Force's changes and insufficient centralised detailed planning. In our report on financial management at the Home Office we found that, across the department, there was a need for better understanding of the link between resources and performance.³⁷ As a result, business areas had not always considered efficiency and effectiveness when evaluating where cuts should be made.

59 We found in our programme specific reports that there was **insufficient assessment of the cost effectiveness** of the approaches taken. Our report on mobile technology in policing³⁸ found the National Policing Improvement Agency (NPIA) did not adequately assess how police forces would use the mobile technology being introduced, or how much money would be required to do it. The NPIA's main aim was to use the mobile devices as quickly as possible, without considering police forces' ability to do it. Similarly, the Border Agency did not have the information it needed to assess how cost-effective its new measures were to reduce abuse of the immigration system by international students. We reported that the Border Agency did not know the cost of its own or education providers' activities in meeting new immigration controls and requirements.

60 Other key issues raised in our reports have included:

- *UK Border Agency and Border Force: Progress in cutting costs and improving performance:* in addition to the issues discussed in paragraph 58 above, this report drew attention to the modernisation of the Border Force and how this was delayed and inconsistently implemented. We found that "The Agency had implemented these (workforce modernisation) measures cautiously, partly through concern about industrial relations, but also piecemeal, without evaluating their potential impact. In addition, the development of the operational resourcing model had been constrained by a shortage of modelling experts in the Agency."
- *Mobile Technology in Policing:* the visibility of police officers and their time out of the police station had increased following the implementation of the mobile information programme. However, we found considerable variation across the 11 forces we examined. This variation was due to a range of factors, including different processes used by police forces and incomplete data. We concluded that value for money had not been achieved. Only a minority of forces, around one in five, had used mobile technology effectively to improve their efficiency and little savings were achieved.
- *Immigration: The Points Based System – Student Route:* found that the Border Agency had taken little action to prevent and detect students overstaying or working in breach of their visa conditions. Also the Border Agency had done little to ensure that the un-entitled students leave the country. We also reported that the Border Agency had not been efficient in tracing people. We commissioned a specialist contractor to locate over 800 individuals the Border Agency could not. Our contractors, using electronic methods, located addresses for a quarter of the individuals. The Border Agency agreed to follow-up to check how many could legally be removed from the UK.

33 Comptroller and Auditor General, *Financial management in the Home Office*, Session 2010–12, HC 1832, National Audit Office, April 2012.

34 Comptroller and Auditor General, *The UK Border Agency and Border Force: Progress in cutting costs and improving performance*, Session 2012-13, HC 467, National Audit Office, July 2012.

35 Comptroller and Auditor General, *Mobile Technology in Policing*, Session 2010–12, HC 1765, National Audit Office, January 2012.

36 Comptroller and Auditor General, *Immigration: The Points Based System – Student Route*, Session 2010–12, HC 1827, National Audit Office, March 2012.

37 Comptroller and Auditor General, *Financial management in the Home Office*, Session 2010–12, HC 1832, National Audit Office, April 2012.

38 Comptroller and Auditor General, *Mobile Technology in Policing*, Session 2010–12, HC 1765, National Audit Office, January 2012.

61 In February 2012, we published a briefing for the House of Commons Justice Committee to provide an international dimension to its inquiry into the budget and structure of the Ministry of Justice in England and Wales, in which we compared international criminal justice systems.³⁹ In this briefing we drew attention to the risks surrounding the falling police numbers in England and Wales expected in coming years. In 2011, Her Majesty's Inspectorate of Constabulary used police force data to estimate that between March 2010 and March 2015 the police workforce in England and Wales would reduce by 34,100.⁴⁰ Home Office police service strength statistics, covering the 43 police forces of England and Wales, also showed a decrease of some 6,000 police officers (4.2 per cent) between September 2010 and September 2011.⁴¹ We argued in our briefing that "It is at least conceivable that these decreases might result in fewer criminals being brought to justice. If this is the case then official reoffending rates are likely to decrease, even though there would not necessarily have been a decrease in the real incidence of crime."

62 A number of our cross-government reports have also referred to the Home Office. For example:

- *Managing early departures*:⁴² This report found that the need for headcount reductions, following the cuts in 2010, for most departments, was driven solely by a target to reduce administration costs, rather than by plans to transform their business. However, at the Home Office and the Department for Work and Pensions, restructuring had been a long-term aim and they had already started work on cost reduction strategies, with plans in place to reduce headcounts. We concluded "unless departments now embed redesign of their businesses, there is a risk that the workforce will increase again once the urgency for cost reduction abates".⁴³ This was similar to the situation reported above (paragraph 60) at the UK Border Agency.

- *Shared service centres* (March 2012):⁴⁴ Here we looked at whether shared services had given value for money for central government. The report highlighted the challenges departments and the Cabinet Office had faced moving towards shared service centres, and identified some of the barriers to their introduction, including governance and culture, cost recovery and security. The Home Office and the Department for Education were highlighted as operating the "most advanced intelligent customer function with regular communication, partnership working and a focus on cost management". In the case of the Home Office a process of forecasting demand for their service requirements was found to be well established.⁴⁵

39 National Audit Office, *Comparing International Criminal Justice Systems*, February 2012, page 33.

40 That is 16,200 police officers, 1,800 PCSOs and 16,100 police staff.

41 Home Office, *Police Service Strength: England and Wales*, September 2011.

42 Comptroller and Auditor General, *Managing early departures in central government*, Session 2010–2012, HC 1795, National Audit Office, March 2012.

43 Comptroller and Auditor General, *Managing early departures in central government*, Session 2010–2012, HC 1795, National Audit Office, March 2012, page 8.

44 Comptroller and Auditor General, *Efficiency and reform in government corporate functions through shared service centres*, Session 2010–2012, HC 1790, National Audit Office, March 2012.

45 Comptroller and Auditor General, *Efficiency and reform in government corporate functions through shared service centres*, Session 2010–2012, HC 1790, National Audit Office, March 2012, page 17.

Appendix One

The Home Office's sponsored bodies at 1 April 2012

Executive sponsored bodies

a) Crime

Executive non-departmental public bodies (NDPBs)

Independent Safeguarding Authority

Security Industry Authority

Serious Organised Crime Agency

Executive agency

Criminal Records Bureau

National Fraud Authority

b) Policing

Executive NDPBs

National Policing Improvement Agency

Independent Police Complaints Commission

c) Borders and migration

Executive NDPBs

Office of the Immigration Services Commissioner

Executive agency

UK Border Agency

d) Identity

Executive agency

Identity and Passport Service

e) Equalities

Equalities and Human Rights Commission (from 1 April 2011)

Other sponsored bodies

Advisory NDPBs

Advisory Council on the Misuse of Drugs

Animal Procedures Committee

Migration Advisory Committee

National DNA Ethics Group

Police Advisory Board

Police Negotiating Board

Regulation of Investigatory Powers Act Technical Advisory Board

Tribunal NDPBs

Investigatory Powers Tribunal

Office of Surveillance Commissioners

Police Arbitration Tribunal

Police Discipline Appeals Tribunal

Independent inspectorates

Her Majesty's Inspectorate of Constabulary

Independent Chief Inspector of the UK Border Agency

Government-owned company

Forensic Science Service

Appendix Two

Results of the Civil Service People Survey 2011

Question scores (% strongly agree or agree, or % yes)

Civil service overall

Leadership and managing change

I feel that the Department as a whole is managed well	40
Senior civil servants in the Department are sufficiently visible	46
I believe the actions of senior civil servants are consistent with the Department's values	39
I believe that the departmental board has a clear vision for the future of the Department	39
Overall, I have confidence in the decisions made by the Department's senior civil servants	36
I feel that change is managed well in the Department	27
When changes are made in the Department they are usually for the better	23
The Department keeps me informed about matters that affect me	55
I have the opportunity to contribute my views before decisions are made that affect me	36
I think it is safe to challenge the way things are done in the Department	38

Organisational objectives and purpose

I have a clear understanding of the Department's purpose	84
I have a clear understanding of the Department's objectives	79
I understand how my work contributes to the Department's objectives	81

Department for Business, Innovation and Skills (excluding agencies)	Cabinet Office (excluding agencies)	Department for Communities and Local Government (excluding agencies)	Department for Culture, Media and Sport (excluding agencies)	Ministry of Defence (excluding agencies)	Department for Education	Department of Energy and Climate Change	Department for Environment, Food and Rural Affairs (excluding agencies)	Foreign and Commonwealth Office (excluding agencies)	Department of Health (excluding agencies)	HM Revenue & Customs	HM Treasury (excluding agencies)	Home Office (excluding agencies)	Department for International Development	Ministry of Justice (excluding agencies)	Department for Transport (excluding agencies)	Department for Work and Pensions
31	38	23	37	20	49	41	31	54	33	18	55	44	60	43	45	23
46	49	35	47	27	53	62	44	56	53	31	67	50	68	47	59	21
34	40	24	39	27	46	48	34	52	41	25	52	44	57	42	46	21
29	33	22	31	20	43	30	21	51	28	22	39	33	60	39	36	20
28	38	21	32	17	43	43	27	47	33	17	53	41	53	38	42	16
24	27	20	33	12	32	31	21	40	19	15	42	24	40	31	31	19
17	22	10	20	9	21	26	16	34	12	13	33	22	29	26	21	14
59	55	50	60	41	58	64	56	60	53	39	65	62	68	56	64	39
32	37	28	47	19	37	36	38	39	37	18	47	38	47	36	39	18
33	41	25	42	31	39	41	40	43	33	27	55	39	43	36	45	27
77	73	57	73	80	85	90	75	82	69	73	88	85	94	78	79	73
70	66	53	67	72	81	85	70	79	63	70	78	80	93	72	74	71
75	71	61	73	76	82	88	76	83	72	73	81	82	90	76	76	73

Appendix Three

Reports by the NAO on the Home Office since 2009-10

Publication date	Report title	HC number	Parliamentary session
17 July 2012	The UK Border Agency and Border Force: Progress in cutting costs and improving performance	HC 467	2010-2012
26 April 2012	Financial Management in the Home Office	HC 1832	2010-2012
27 March 2012	Immigration: The Points Based System – Student Route	HC 1827	2010-2012
27 January 2012	Mobile Technology in Policing	HC 1765	2010-2012
24 November 2011	Report of the Comptroller and Auditor General on the 2010-11 Accounts of the Equality and Human Rights Commission	www.nao.org.uk/publications/1012/ehrc_accounts_2010-2011.aspx	
21 June 2011	Report of the Comptroller and Auditor General on the 2009-10 Accounts of the Equality and Human Rights Commission	www.nao.org.uk/publications/1012/ehrc_accounts_0910.aspx	
6 June 2011	Accountability and Cost Reduction in the New Policing Landscape: a briefing for the Home Affairs Select Committee	www.nao.org.uk/publications/1012/policing_landscape_briefing.aspx	
14 March 2011	Immigration: The Points Based System	HC 819	2010-11
15 July 2010	Report of the Comptroller and Auditor General on the 2008-09 Accounts of the Equality and Human Rights Commission	www.nao.org.uk/publications/1011/ehrc_2008-09.aspx	
30 June 2010	Short Guide to the NAO's work on the Home Office	www.nao.org.uk/publications/1011/short_guide_home_office.aspx	
23 March 2010	Home Office: Management of Major Projects	HC 489	2009-10
4 March 2010	Tackling Problem Drug Use	HC 297	2009-10
January 2010	Briefing for the House of Commons Home Affairs Committee: Performance of the Home Office 2008-09	www.nao.org.uk/publications/0910/home_office_performance.aspx	
16 December 2009	Independent Reviews of reported CSR07 Value for Money savings (relates to the Home Office and Department for Transport)	HC 86	2009-10

Appendix Four

Recent cross-government NAO reports of relevance to the Home Office

Publication date	Report title	HC number	Parliamentary session
25 July 2012	Governance for Agile delivery	www.nao.org.uk/publications/1213/governance_for_agile_delivery.aspx	
26 June 2012	Delivering public services through markets: principles for achieving value for money	www.nao.org.uk/publications/1213/delivering_public_services.aspx	
20 June 2012	The effectiveness of internal audit in central government	HC 23	2012-13
13 June 2012	Central government's communication and engagement with local government	HC 187	2012-13
2 May 2012	Assurance for major projects	HC 1698	2010-2012
18 April 2012	Implementing transparency	HC 1833	2010-2012
20 March 2012	The Government Procurement Card	HC 1828	2010-2012
15 March 2012	Managing early departures in central government	HC 1795	2010-2012
6 March 2012	Efficiency and reform in government corporate functions through shared service centres	HC 1790	2010-2012
2 March 2012	Improving the efficiency of central government office property	HC 1826	2010-2012
2 February 2012	Cost reduction in central government: summary of progress	HC 1788	2010-2012
19 January 2012	Reorganising central government bodies	HC 1703	2010-2012
9 January 2012	Central government's implementation of the national Compact	www.nao.org.uk/publications/1012/national_compact.aspx	
21 December 2011	Implementing the Government ICT strategy: six-month review of progress	HC 1594	2010-2012
9 December 2011	Digital Britain One: Shared infrastructure and services for government online	HC 1589	2010-2012
1 December 2011	NAO Guide: Initiating successful projects	www.nao.org.uk/publications/1012/initiating_successful_projects.aspx	
29 November 2011	Certificate and Report of the Comptroller and Auditor General: Whole of Government Accounts 2009-10	HC 1601	2010-2012
25 October 2011	A snapshot of the Government's ICT profession in 2011	www.nao.org.uk/publications/1012/government_ict_profession.aspx	
25 July 2011	Briefing for the Environmental Audit Committee on delivery of the target to reduce central government's carbon emissions	www.nao.org.uk/publications/1012/carbon_emissions.aspx	
13 July 2011	Identifying and meeting central government's skills requirements	HC 1276	2010-2012

Appendix Five

Other sources of information

Reports from the Committee of Public Accounts since 2010

Publication date	Report title	HC number
30 May 2012	2nd Report – Mobile Technology in Policing	HC 129
9 May 2011	Thirty-fourth Report of Session 2010–12, Immigration: The Points Based System, Work Routes	HC 913
6 April 2010	Thirty-third Report of Session 2009-10, Nine reports from the Comptroller and Auditor General published from July 2009 to March 2010	HC 520

Recent reports from central government

May 2012	Home Office Business Plan 2012–2015	–
June 2011	The National Crime Agency: A plan for the creation of a national crime-fighting capability, Cm 8097	–
May 2011	Home Office Business Plan	–
April 2011	Home Office Response to PAC Recommendations	–
March 2011	The Independent Review of Police Officer and Staff Remuneration and Conditions [The Winsor Review] – Part 1	–
December 2010	The Equality Strategy: Building a Fairer Britain	–
2010	Drug Strategy 2010: Reducing Demand, Restricting Supply, Building Recovery	–

Cabinet Office Capability Reviews

February 2012	Home Office: Capability Action Plan	–
December 2009	Capability Reviews: An overview of progress and next steps	–
July 2008	Home Office: Progress and next steps	–
July 2007	Capability Reviews: One year update (Home Office)	–
July 2006	Capability Review of the Home Office	–

Where to find out more

The National Audit Office website is
www.nao.org.uk

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